



Main Street
INDUSTRY NEWS



INSIDE

*Statistics & the Homeowners
Insurance Crisis » 7*

*Small Business: 75% are
Underinsured » 14*

*850 Jobs : Liberty Mutual Cut 2% of
the Company Workforce » 25*



Happy Holidays

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and Happy New Year.



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Did you know?

Did you know that PIA's company council, The PIA Partnership, has conducted nationwide research about the insurance buying preferences of small business owners?

The research is encouraging because it found that small business owners strongly prefer independent insurance agents as they make choices in today's online world.

However, the results also serve as a wake-up call that agents must take steps to continue to demonstrate their value and also be more engaged online.

PIA and the companies belonging to ***The PIA Partnership*** have created a public website that helps agents understand PIA's findings.

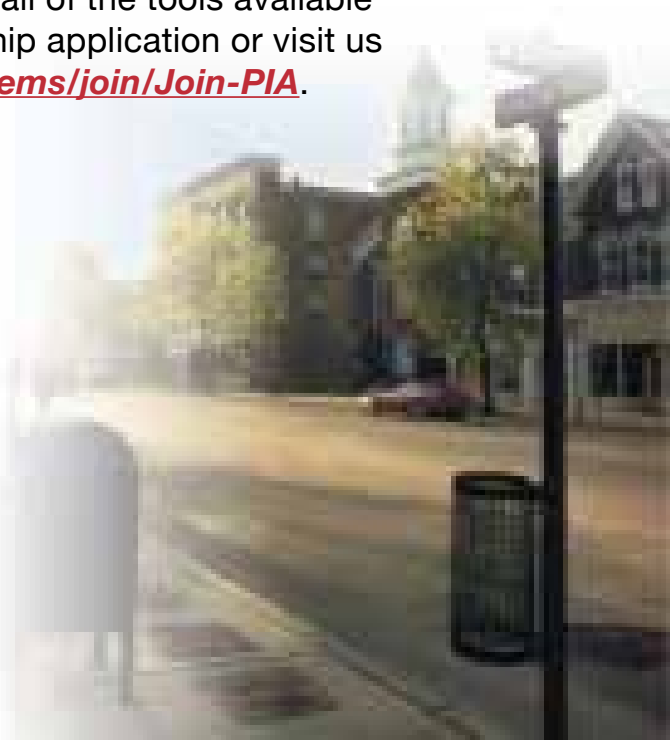
PIA members also have access to a private website containing a series of strategies and tools to help them stay ahead of online competition in commercial lines.

To access the newest PIA Partnership project, ***Small Business Insurance & The Internet – The Voice of the Commercial Lines Customer.***

If you are not a PIA member and want to access all of the tools available through this program, contact us for a membership application or visit us online at ***www.pianational.org/header-utility-items/join/Join-PIA***.



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Contents

Statistics & the Homeowners

Insurance Crisis | 7

The Council of Insurance Agents & Brokers (CIAB) held its annual Insurance Leadership Forum in Colorado Springs, Colorado.

Agent Carrier Satisfaction: Mostly Positive | 9

J.D. Power and Associates says independent insurance agents are more satisfied than they've ever been with carriers.

Claims: Speed or Fairness?

What Matters Most | 10

AI is the new thing. Everything these days is AI this and AI that.

The Net Worth of the Average American & the Average American Family | 11

The Federal Reserve has good news for the American family. Though it may not seem like it, the average net worth increased by 2% between 2016 and 2019 and now averages \$748,800.

Insurance Rate Chaos:

How Consumers Feel | 12

Insurance rates — especially homeowners and auto — are climbing higher and higher. For homeowners, insurers face high rebuilding and repair costs.

Small Business: 75% are Underinsured | 14

Small businesses — and the owners of such — struggle with understanding insurance as much as most individuals don't get how their personal lines insurance works.

Commercial Auto:

Insurers Looking Hard at Telematics | 16

The National Alliance for Insurance Education and Research and the risk management software company, SambaSafety did a study of commercial auto insurers.

Auto Thefts: Rising Toward Record Levels | 21

The National Insurance Crime Bureau (NICB) says

the nation is pushing toward a record year for vehicle thefts.

Resumes:

Are Your Job Seekers Telling the Truth? | 22

Hiring managers and business owners, check this out. ResumeLab, the resume advice company, did a survey of 1,900 workers in August of this year.

Profits Reign in New Survey from Earnix | 24

Earnix helps insurers and banks with profitability on a global scale. The company recently took 400 execs aside and asked them about their priorities.

850 Jobs : Liberty Mutual Cut 2% of the Company Workforce | 25

Liberty Mutual cut 850 jobs. An unidentified company spokesman says it's part of the company's "transformation initiative."

Carrier Insolvency and Your E&O Policy | 26

With the recent uptick in carrier downgrades and rehabilitation actions, it is vital to consider how this could impact the insolvency coverage provided in your E&O policy should a carrier become insolvent.

PIA NE IA EVENTS

Upcoming Events Calendar 2023 | 18

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PIA Association for Nebraska and Iowa is committed to focusing its resources in ways that cast the most favorable light on its constituents. We are dedicated to providing the type of programs, the level of advocacy, and the dissemination of information that best supports the perpetuation and prosperity of our members. We pledge to always conduct ourselves in a manner that enhances the public image of PIA and adds real value to our members.

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The PIA NE IA, **Main Street Industry News** reserves the right to edit your comments to fit space available. We respectfully ask that you keep the comments to 200-300 words.

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STATISTICS

THE HOMEOWNERS INSURANCE CRISIS

The Council of Insurance Agents & Brokers (CIAB) held its annual Insurance Leadership Forum in Colorado Springs, Colorado. Insurers there talked about the need to get significant rate increases over the next few months.

Two lines of insurance are the most impacted. They are auto and homeowners. Catastrophe losses and liability awards from court cases are driving those sometimes-staggering increases.

The bottom-line is how insurers are having to do significant increases in rates, and it doesn't look like things are going to get better anytime

soon. The details of the forum's meetings are worth checking out.

A recent S&P Global Market Intelligence RateWatch looked deeply at homeowners insurance rates and how they've been climbing considerably the last few years. The report looked at different insurance companies and how much their rates jumped between 2018 and September 1st of this year.

"Macroeconomic conditions continue to plague US personal lines-focused insurers as the past two years have seen a higher-than-

average rise in homeowners' insurance rates," S&P's report said. "Between 2018 and 2021, the countrywide yearly average change was in the 3% range but jumped to about 6% in 2022. Through roughly the first eight months of 2023, the national average rise in homeowners' premium rates was 8.8%."

Farmers is raising homeowner insurance rates by over 10% in many states, with Illinois and Texas facing the biggest hikes at 25.3% and 25.1% on average, respectively.

People in Tennessee with Farmers Insurance are going to average increases of 23.8%.

TOP-10 HOMEOWNER INSURERS: RATE HIKES SINCE 2018

1. State Farm

2022 to 2023: 8.9%
2018 to 2023: 12.1%

2. Allstate

2022 to 2023: 13.4%
2018 to 2023: 30.1%

3. Liberty Mutual

2022 to 2023: 21.3%
2018 to 2023: 33.7%

4. USAA

2022 to 2023: 18.6%
2018 to 2023: 34.7%

5. Farmers

2022 to 2023: 30.1%
2018 to 2023: 48.7%

6. Travelers

2022 to 2023: 15.5%
2018 to 2023: 36.8%

7. American Family Insurance

2022 to 2023: 16.2%
2018 to 2023: 41.7%

8. Nationwide

2022 to 2023: 15.6%
2018 to 2023: 36.2%

9. Chubb

2022 to 2023: 11.3%
2018 to 2023: 41.8%

10. Progressive

2022 to 2023: 11.7%
2018 to 2023: 52.8%

Sources: [Insurance Journal](#) and [Business Insurance](#)



AGENT CARRIER SATISFACTION MOSTLY POSITIVE

J.D. Power and Associates says independent insurance agents are more satisfied than they've ever been with carriers. The report is titled, the J.D. Power 2023 U.S. Independent Agent Satisfaction Study.

Satisfaction — as with all J.D. Power studies — is based on a 1,000-point scale. Personal lines insurers got a boost of 17 points from a year ago for agents. Commercial lines saw a 6% rise.

That said, things are not all champagne and roses. J.D. Power spokesman, Stephen Crewdson said significantly higher prices have forced agents to shop for lower rates. They're doing that even though they're happy with the carriers they normally use.

“Carriers are doing a great job of providing quality service to agents and it creates a huge competitive advantage,” Crewdson noted. “Agents are more willing to place business with a carrier when they are more satisfied with their experience. However, the uptick in agents shopping their clients’ policies shows that rising premiums are the ultimate disruptor, threatening to upend even a strong existing relationship. That puts the onus on carriers to find ways to incentivize agents to stay by offering an experience that can justify these cost hikes.”

- Agent satisfaction with carriers — as noted earlier — is at an all-time high
- Personal lines satisfaction is 774 — up 17% from a year ago
- Commercial lines agents rated a 762 — 6% higher than 2022
- 57% of personal lines agents are shopping their clients’ policies
- 52% of commercial lines agents are doing the same for businesses

WHY BUSINESSES CHOOSE THEIR CARRIERS:

- 18% of personal lines agents said the ease of quoting
- For commercial lines that number is 17%
- Risk appetite is 13% for personal lines agents
- Risk appetite is 15% for commercial lines agents

COMMISSION COMES INTO PLAY, TOO:

- 6% said commission and incentives helped for personal lines agents
- 5% said commission and incentives matter for commercial lines agents

Source: [Insurance Business America](#)



CLAIMS

SPEED OR FAIRNESS? WHAT MATTERS MOST

AI is the new thing. Everything these days is AI this and AI that. Lately, the insurance AI questions go to insurance agents and to claims. In an earlier story, we found that people don't want AI selling them insurance. They want the real deal — an insurance agent.

Most consumers feel the same way when it comes to claims and the decisions that follow. The insurtech, Sprout.ai talked with a bunch of consumers and found that 51% said they'd probably not switch from a non-AI-assisted insurer to one that uses AI to settle a claim.

That leads to the insurance dilemma. There are huge benefits for insurance companies to use

AI. The bottom-line will be a combination of sales and savings that will total something like \$80 billion a year by 2032.

All this comes from YouGov who did an online survey of 4,400 consumers in the U.S. and the United Kingdom. What they found is a difficult decision facing consumers. They can save money using AI but they hesitate to use it because it's — basically — a machine making decisions.

Top Insurance Company Must-Haves

- Trust — 62%
- Speed — 57%
- Customer service — 52%
- Is transparency important — maybe not since it's at 18%
- Technical capability — basically doesn't matter at 8%

However, a large percentage of people – 27% – still value human involvement over technology.

Sprout.ai's CEO Roi Amir said the irony is that a high percentage of people want speed and accuracy in settling a claim but don't like the idea of that speed and accuracy coming from a machine.

"The benefits of AI in insurance are undeniable, but this research highlights some critical factors that insurers must consider to ensure no customer is left behind," he said. "Customer service can't just be about speed and efficiency – insurers need to meet the full customer need, bring them along the digital transformation journey, and support them in understanding the role of AI to bridge a widening trust gap."

That leads to the conclusion that insurers need to take some time and really think this through.

"As competition for customers continues to intensify, insurers need to think about the customer experience more holistically, and that must include empathy and education," Amir concluded. "It is the collective responsibility of everyone in the insurance industry to be transparent and informative about how technology is used to make decisions. Those that do stand to reap significant financial and reputational rewards."

Source: [Insurance Business America](#)

THE NET WORTH OF THE AVERAGE AMERICAN & THEIR FAMILIES

The Federal Reserve has good news for the American family. Though it may not seem like it, the average net worth increased by 2% between 2016 and 2019 and now averages \$748,800.

Median net worth – however – jumped 18% in that same time frame. It sits at \$121,760.

Net worth is all assets combined, cash, property, investments, etc. The median net worth is just cash assets.

Fed Study: Consumer Preferences by Age

- As of 2019 the average net worth of people 35 and younger is \$76,300
- For people between 35 and 44, the average net worth is \$436,200
- The average net worth of people 45 to 54 is \$833,200
- Those between 55 and 64 often have an average net worth of \$1,175,900
- Those age 65 to 74 have the highest net worth and it averages \$1,217,700
- That amount drops to \$977,600 for people over age 75

The median net worth in all age brackets – however – is much lower than the average net worth.

Source: [MSN](#)

INSURANCE RATE CHAOS

How Consumers Feel

Insurance rates — especially homeowners and auto — are climbing higher and higher. For homeowners, insurers face high rebuilding and repair costs. Auto has the same problem. Repairs and parts costs are skyrocketing.

The Insurance Research Council (IRC) did a survey of home and auto insurance policyholders to find out what they think of the growing increases. IRC President Dan Porfilio says though over half of the consumers they contacted said it's a challenge to pay the rate increases, they think insurers are being fair.

That's a big surprise.

“Given how inflation and other factors have driven up the cost of auto and homeowners insurance in recent years, the Insurance Research Council was not surprised to learn that paying for these essential coverages has been a financial burden for a sizable number of Americans,” Porfilio said. “Yet at the same time, consumers expressed widespread support in our survey for the fairness of the rating factors used by insurance carriers to price their auto and homeowners policies.”

- 85% of personal auto policyholders think it's fair to consider traffic violations when setting rates
- 76% think a review of claims history is fair when setting rates
- 75% say it's fair to use telematics data to set rates

Those are the positives. The negatives could be used by opponents of credit scoring as proof it should be banned.

- 45% said education levels should not be considered when setting rates
- 42% feel the same about gender
- 41% say whether you're married or not should be off the table

Those three factors, of the 14 used in the survey, are the only factors that didn't get support from the majority of those surveyed.

When it comes to homeowners rate increases, all 19 factors were said to be fair. And the report notes that they're fair by “sizable majorities.”

- 80% said it's fair for insurers to consider safety systems like smoke detectors
- That same 80% said it's fair to consider the overall condition of a home when setting rates
- That same 80% also said it's fair to consider the size of the home
- Just 40% — though — said using rating variables to consider connected devices like security systems, is unfair
- 38% said it is unfair to consider the conditions of surrounding buildings when setting rates

Source: [PropertyCasualty360.com](https://www.propertycasualty360.com)



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SMALL BUSINESS
75%
UNDERINSURED

Small businesses — and the owners of such — struggle with understanding insurance as much as most individuals don't get how their personal lines insurance works. That means, they, too, are often underinsured.

Hiscox recently took a survey of small business owners. Of the businesses surveyed, 70% of the owners and managers of 1,000 businesses had a serious lack of understanding of the insurance they currently carry.

Shockingly, 75% of them are not properly insured. An even bigger concern comes from what we noted in the opening paragraph. When it comes to understanding insurance, things fall apart.

- 71% have no understanding at all of what their business policy covers
- 83% could not accurately describe what a general liability policy covers
- 30% didn't have a general liability policy
- 40% had not updated their general liability policy in a decade or more

Here's what those businesses did have:

- 65% do have general liability coverage
- 45% purchased property insurance
- 35% covered their workers with worker's compensation insurance
- 32% have professional liability insurance

Hiscox also noted in its conclusions how invaluable the independent insurance agent is to the process of insuring a business. Their advice and knowledge is incalculable.

- 70% of small businesses prefer to purchase insurance through an independent agent or broker
- 56% of the 1,000 businesses surveyed found the relationship with an independent agent to be their most helpful source of information about insurance
- 42% prefer to purchase their insurance in person
- 29% want to purchase business insurance online

Sources: [Insurance Business America](#) and [Insurance Journal](#)



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COMMERCIAL AUTO INSURERS LOOKING HARD AT TELEMATICS

A study by The National Alliance for Insurance Education and Research with SambaSafety revealed high commercial auto claim costs are driving 78% of insurers to explore usage-based insurance (UBI) products.

“The survey results show that telematics technology has outpaced consumption, and usage falls short of full potential,” Scheuing said. “But telematics offers the opportunity for the insurance industry to break out of the cycle of reacting to the rising cost of claims by raising premiums.”

Insurers are on board, but challenges remain. Providers use different technology formats, confusing terminology, and have trouble tracking events effectively.

However, all that said, 65% said their companies have some level of telematics to offer. Another 38% said they’re in the early stages of that development and 33% say they’ll have something available full time in a year or two.

But 72% offer — or plan to eventually offer — a telematics-based product.

Agent & Broker Insights

- Over 50% of agents say less than 10% of commercial auto insurers offer some sort of UBI auto customers
- 15% of brokers said they offer telematics value-added services

- Agents and brokers said commercial auto customers and personal auto customers want telematics systems they can trust

National Alliance's Paul Martin highlights the final bullet point, indicating strong consumer and business demand.

“In this dynamic era, where data steers our choices, it’s crucial for the insurance industry to remain informed, proactive and tactical,” he said. “The report not only captures current industry sentiments but also provides a roadmap for the future; it encapsulates the evolving storyline of insurance, fueled by data, insights and modern technology.”

And Scheuing said the potential for such systems is the sky is the limit.

- Just 27% of business using commercial auto insurance have telematics or connected car teams
- Just 6.25% have the infrastructure to handle the large volume of data generated by telematics

“Telematics enables an alternative approach,” Scheuing said. “It provides a way to focus on granular risk by offering unparalleled visibility and objectivity, leading to fair and precise assessment of mobility risk — and to profitability.”

Source: [Insurance Journal](#)

PIA's Winter Retreat



February 1st @ 6:00pm
February 2nd @ 8:30am

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WHAT TO EXPECT:

THURSDAY
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FRIDAY
8:30am - CE with Heath
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9:30am - CE with Heath
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10:30am - CE with Heath
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12:00pm - Lunch

12:30pm - CE with Heath
Shearon

Events Calendar 2023

For information and to register [click here](#) or call (402) 392-1611.

Date	Class/Webinar	Where	When
December 5, 2023	CISR: Insuring Commercial Property	ALL STATES	Live Webinar: 8 - 4 PM
December 5, 2023	Planting the Seed: Agent Strategies to Get and Keep Agribusiness Insureds	ALL STATES	Live Webinar: 12 - 3 PM
December 6, 2023	An Hour with Nicole: Everything You Need to Know About Insuring Work-From-Home Exposures	ALL STATES	Live Webinar: 1 - 2 PM
December 7, 2023	"Wait...What the #^&* Just Happened?!" Fourteen Personal Lines Issues To Know Before It's Too Late	ALL STATES	Live Webinar: 12 - 3 PM
December 7, 2023	Claims That Will Convince Your Insured to Enhance Their Homeowners Coverage	ALL STATES	Live Webinar: 8 - 11 AM
December 12, 2023	All-Things Ethics: Agent Obligations, Standards, Authority and More	ALL STATES	Live Webinar: 12 - 3 PM
December 13, 2023	An Hour with Dave: Fast Facts About Flood	ALL STATES	Live Webinar: 1 - 2 PM
December 14, 2023	Certificates of Insurance and the Coverage Issues that Go With Them	ALL STATES	Live Webinar: 8 - 11 AM
December 14, 2023	Adventures in Aging: Social Security & Other Retirement Income Solutions	ALL STATES	Live Webinar: 12 - 3 PM
January 9, 2024	An Hour with Cathy: Certificates of Insurance - Headaches and Remedies	NE/IA	Live Webinar: 10 - 11 AM
January 9, 2024	Mastering Business Income: Tools & Tips to Keep Insureds Flush	NE/IA	Live Webinar: 12 - 3 PM
January 11, 2024	Homeowners Deep-Dive: What You Need to Know About the Most Recent Forms	NE/IA	Live Webinar: 8 - 11 AM
January 18, 2024	All-Things Ethics: Agent Obligations, Standards, Authority and More	NE/IA	Live Webinar: 12 - 3 PM
January 23, 2024	Bots, Crypto, Weed and Other Risks You Never Imagined Insuring (But Here We Are)	NE/IA	Live Webinar: 8 - 11 AM
January 23, 2024	Insuring Vehicles, Equipment and Other Stuff That Moves – Personal & Commercial Lines	NE/IA	Live Webinar: 12 - 3 PM
January 25, 2024	Big Rig, Big Risk: Mastering Trucking Accounts	NE/IA	Live Webinar: 8 - 11 AM
January 30, 2024	Claims That Will Convince Your Insured to Enhance Their Homeowners Coverage	NE/IA	Live Webinar: 8 - 11 AM
January 30, 2024	Covering Online Fraud and Employees Who Turn Out to Be Crooks	NE/IA	Live Webinar: 12 - 3 PM

February 6, 2024	An Hour with Kevin: Using Small Motor Vehicles to Break Things & Hurt People	NE/IA	Live Webinar: 10 - 11 AM
February 6, 2024	Bots, Crypto, Weed and Other Risks You Never Imagined Insuring (But Here We Are)	NE/IA	Live Webinar: 12 - 3 PM
February 13, 2024	Liar!: An Agent's Role in Identifying & Handling Fraud	NE/IA	Live Webinar: 12 - 3 PM
February 15, 2024	An Hour with Sam: Liability Concerns in the Personal Auto Policy	NE/IA	Live Webinar: 10 - 11 AM
February 15, 2024	Ethical Dilemmas in Insurance and the Responsibilities of Agents	NE/IA	Live Webinar: 12 - 3 PM
February 20, 2024	Marriage, Kids, Money, Assisted Living and Everything Between: Home and Auto Exposures For Life	NE/IA	Live Webinar: 8 - 11 AM
February 20, 2024	Social Security and Medicare: Your Questions Answered	NE/IA	Live Webinar: 12 - 3 PM
February 21, 2024	The STORM 2024 Edition: Commercial and Personal Lines Coverage Concerns in the Wake of a Big One	NE/IA	Live Webinar: 1 - 2 PM
February 22, 2024	Flood Insurance: What You Need to Know	NE/IA	Live Webinar: 8 - 11 AM
February 22, 2024	The Bad Thing Happened: Handling Commercial Claims & Coverage Disputes	NE/IA	Live Webinar: 12 - 3 PM
February 27, 2024	Inflation and Personal Lines: Helping Insureds Understand Why It Matters and What to Do	NE/IA	Live Webinar: 12 - 3 PM
March 5, 2024	All-Things Ethics: Agent Obligations, Standards, Authority and More	NE/IA	Live Webinar: 12 - 3 PM
March 5, 2024	An Hour with Dave: All-Things Ordinance or Law (Personal and Commercial)	NE/IA	Live Webinar: 10 - 11 AM
March 7, 2024	The Fine Print: Understanding the Contractual Obligations of Your Insured	NE/IA	Live Webinar: 12 - 3 PM
March 19, 2024	An Hour with Nicole: Everything You Need to Know About Insuring Work-From-Home Exposures	NE/IA	Live Webinar: 10 - 11 AM
March 19, 2024	Claims That Will Convince Your Insured to Enhance Their Homeowners Coverage	NE/IA	Live Webinar: 12 - 3 PM
March 21, 2024	Cyber Coverage: Protecting Your Insureds From Hackers, Liars, & Really Bad Bots	NE/IA	Live Webinar: 12 - 3 PM
March 21, 2024	Forward and Backward: Insuring Emerging Risks, Surviving Deteriorating Markets	NE/IA	Live Webinar: 8 - 11 AM
March 26, 2024	Commercial Property: Recent Changes and Crucial Concepts	NE/IA	Live Webinar: 8 - 11 AM
March 26, 2024	Mastering Business Income: Tools & Tips to Keep Insureds Flush	NE/IA	Live Webinar: 12 - 3 PM
March 27, 2024	An Hour with Dave: Coverages That Keep a Business Income Loss From Bankrupting You	NE/IA	Live Webinar: 1 - 2 PM
March 28, 2024	Covering Online Fraud and Employees Who Turn Out to Be Crooks	NE/IA	Live Webinar: 12 - 3 PM

April 9, 2024	An Hour with Cathy: Commercial Property Valuation Options (aka "How Big is the Check?!")	NE/IA	Live Webinar: 10 - 11 AM
April 9, 2024	Ethical Dilemmas in Insurance and the Responsibilities of Agents	NE/IA	Live Webinar: 12 - 3 PM
April 11, 2024	An Hour with Kevin: Using Small Motor Vehicles to Break Things & Hurt People	NE/IA	Live Webinar: 10 - 11 AM
April 11, 2024	The Fine Print: Understanding the Contractual Obligations of Your Insured	NE/IA	Live Webinar: 12 - 3 PM
April 16, 2024	Inflation and Personal Lines: Helping Insureds Understand Why It Matters and What to Do	NE/IA	Live Webinar: 12 - 3 PM
April 16, 2024	Insuring Vehicles, Equipment and Other Stuff That Moves – Personal & Commercial Lines	NE/IA	Live Webinar: 8 - 11 AM
April 23, 2024	"Wait...What the #^&* Just Happened?!" Fourteen Personal Lines Issues To Know Before It's Too Late	NE/IA	Live Webinar: 8 - 11 AM
April 25, 2024	Social Security and Medicare: Your Questions Answered	NE/IA	Live Webinar: 12 - 3 PM
April 25, 2024	Stinkin Rich, Insurance Poor: P&C Coverage Challenges for High-Net-Worth Individuals	NE/IA	Live Webinar: 8 - 11 AM

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AUTO THEFTS

RISING TOWARD RECORD LEVELS

The National Insurance Crime Bureau (NICB) says the nation is pushing toward a record year for vehicle thefts. Close to 500,000 vehicles were stolen in the first half of this year.

That's up 2% from the first half of 2022.

NICB CEO David Glawe said Illinois topped the nation for auto thefts followed by New York and Ohio. The numbers dropped in the other states in the top-10 as Florida, saw decreases.

“Vehicle thefts increased to near-record highs in the United States last year, and unfortunately, current trends indicate total thefts this year may surpass 2022,” Glawe said. “With little deterrent to stop these criminal actors, law enforcement agencies and communities will continue to suffer.”

1. California

Number of thefts: 99,769

Percent of change from 2022 to 2023: -2%

2. Texas

Number of thefts: 55,365

Percent of change from 2022 to 2023: 9%

3. Florida

Number of thefts: 22,393

Percent of change from 2022 to 2023: -1%

4. Washington

Number of thefts: 21,182

Percent of change from 2022 to 2023: -12%



5. Illinois

Number of thefts: 20,820

Percent of change from 2022 to 2023: 38%

6. Colorado

Number of thefts: 17,909

Percent of change from 2022 to 2023: -19%

7. New York

Number of thefts: 16,100

Percent of change from 2022 to 2023: 20%

8. Ohio

Number of thefts: 15,681

Percent of change from 2022 to 2023: 15%

9. Georgia

Number of thefts: 14,101

Percent of change from 2022 to 2023: 9%

10. Missouri

Number of thefts: 13,374

Percent of change from 2022 to 2023: 3%

Sources: [Insurance Business America](#) and [PropertyCasualty360.com](#)



RESUMES

ARE YOUR JOB SEEKERS TELLING THE TRUTH?

Hiring managers and business owners, check this out. ResumeLab — the resume advice company — did a survey of 1,900 workers in August of this year. They wanted to know who has been lying on their resumes and their cover letters.

Shocking Results

- Over 70% say they lied on their resumes or cover letters
- 37% said they lied frequently
- 52% said they stretched the truth of past responsibilities
- 52% have lied about their job title and/or previous job titles

- 45% lied about the number of people they managed
- 37% didn't tell the truth about the length of employment

Cover Letters and Job Interviews

- 76% didn't tell the truth with what they put on their cover letter
- 80% said they stretched the truth in a job interview

Surprisingly, people with masters and doctoral degrees lied the most and the fewest lies were by people with bachelors and associates.

Source: [Business Insurance](#)

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PROFITS REIGN IN NEW SURVEY FROM EARNIX

Earnix helps insurers and banks with profitability on a global scale. The company recently took 400 execs aside and asked them about their priorities. Those answers are found in a report titled, *Insurance Operations in a Changing Industry*.

Almost half (48%) say they're going to make profit more important than the growth of the company. Just 13% find growth to be more important.

The 400 had responsibilities in various departments with over half — 241 — being executives for P&C personal lines insurers and 78 of them were from commercial carriers.

- 35% say macroeconomic challenges are one of the top three trends currently impacting their firms

- These are things like actuarial pricing and underwriting
- As for climate change — on a 10-point scale, the execs rated it an 8.06
- Another challenge — recruiting and keeping talent
- That got an 8.05 out of the 10-point scale

Many of the executives are also making it a priority.

As for profitability, the executives said getting to profitability isn't easy. They are dealing with pressures like inflation, high interest rates, the breakdown of the supply chain and other economic factors.

Sources: [Carrier Management](#) and [Insurance Journal](#)



850 JOBS

LIBERTY MUTUAL CUT 2% OF THE COMPANY WORKFORCE

Liberty Mutual cut 850 jobs. An unidentified company spokesman says it's part of the company's "transformation initiative." The 850 jobs represent 2% of the company's workforce.

"We have made the difficult decision to eliminate approximately 850 positions, nearly all in the US, across several functions this month, many of which are effective by the end of the year," the spokesperson said. "Impacted employees will be eligible for severance and outplacement assistance and are encouraged to apply for other positions within the organization."

As noted earlier, the parts of the company impacted the most will be the U.S. retail market and Liberty Mutual's global risk solution units.

The company joins several other companies that are doing cost-cutting via layoffs. GEICO is going to lay off 2,000 people — or 6% of its staff. In August Farmers Insurance cut 11% of its workforce. That total is 2,400 jobs.

Germania and Cowbell have also announced layoffs.

"We will reimagine how we do business with a focus on efficiency and effectiveness," the spokesman added. "And will prioritize our efforts to focus on how we can provide the most value for our customers, agents, brokers and partners."

The 850 cuts come on top of 370 positions cut in July. All of them were from the United States.

Company CEO Tim Sweeney said catastrophe-led losses of \$585 million in the second quarter are pushing the cuts. GEICO and Farmers also said their cuts had to do with huge catastrophe losses.

Sources: [Insurance Business America](#) and [Business Insurance](#)



CARRIER INSOLVENCY AND YOUR E&O POLICY

With the recent uptick in carrier downgrades and rehabilitation actions, it is vital to consider how this could impact the insolvency coverage provided in your E&O policy should a carrier become insolvent.

Insolvency occurs when an insurance carrier's liabilities exceed its assets, and it is no longer

able to cover its debts – including claims. Some carriers may be backed by the state guaranty fund which provides recourse for customers if their carrier goes insolvent. If a carrier does go insolvent, your customer could bring a claim against your agency for placing coverage with a carrier that was not financially stable or for not disclosing that the carrier was not backed by the guaranty fund.

Agents' E&O carriers typically exclude coverage for claims resulting from a carrier going insolvent, however, offer exceptions based on

the carrier’s rating or state guaranty fund status at the time the agent places coverage. The most common exceptions are for:

- Entities with a “B+” or better rating by AM Best
- Entities with an “A” or better rating by Demotech
- Entities that are member insurers of the state guaranty fund or guaranty association
- Entities that were guaranteed by a governmental body and/or operated by a governmental body
- Entities that were part of a state-established residual market program
- County Mutuels reinsured by carriers with a “B+” or better rating by AM Best

Be aware of the ratings and state guaranty fund status of the carriers you place your clients with and how this can impact the coverage available under your E&O policy.

The exceptions are often attached as an endorsement, modifying the standard policy language. Review your policy and address any questions with your E&O carrier.

FREQUENTLY ASKED QUESTIONS

1) Will the policy cover claims for a lower-rated/non-rated/non-guaranteed carrier that has NOT gone insolvent?

The restrictions are specific to claims submitted due to the carrier’s inability to pay claims as a result of the insolvency.

Example: ABC Agency places business with a solvent C-rated, non-admitted carrier. The

agency overlooks a bind request for a client and the client subsequently has a claim that is not covered because coverage was not bound. The insolvency exclusion would not apply in this scenario.

2) What does “at the time the insured placed coverage” mean?

This means the client’s most recent policy term placed by the agent.

3) Can the Utica National companies provide rating information for my carriers?

No, we do not supply this information. See the following additional resources for details on how to find your carriers’ ratings

- AM Best ratings – ambest.com
- Demotech ratings – demotech.com. You can also be added to Demotech rating emails by contacting Barry Koestler at 614-526-2164 or bkoestler@demotech.com.
- [Carrier Ratings: Have the Necessary Process in Place](#)
- [Sample Carrier Downgrade Letter](#)
- [Sample Carrier Downgrade Acknowledgement Form](#)



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